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June 30, 2009

By E-Mail and Hand Delivery

Hon. Shira A. Scheindlin  
United States District Judge  
Southern District of New York  
500 Pearl Street, Room 1620  
New York, New York 10007

Re: *In re Methyl Tertiary Butyl Ether (MTBE) Products Liability Litigation*,  
MDL No. 1358, Master File No. 1:00-1898 (SAS)  
*City of New York v. Amerada Hess, et al.*, 04 CV 3417 (SDNY)

Dear Judge Scheindlin:

As you requested at the June 25, 2009 conference, I have enclosed a declaration on behalf of the New York City Municipal Water Finance Authority.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William Plache".

William Plache  
Senior Counsel  
Environmental Law Division

c: Peter Sacripanti, via email  
all parties, via LNFS

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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IN RE: METHYL TERTIARY BUTYL ETHER  
("MTBE") PRODUCTS LIABILITY LITIGATION

This documents relates to:

*City of New York v. Amerada Hess Corp., et al.*, 04 Civ.  
3417

**DECLARATION OF ALAN  
ANDERS, CHIEF  
EXECUTIVE OFFICER,  
NEW YORK CITY  
MUNICIPAL WATER  
FINANCE AUTHORITY**

Master File No. 1:00-1898  
MDL 1358 (SAS)

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I, ALAN ANDERS, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury, that the following is true and correct:

1. I am the Chief Executive Officer of the New York City Municipal Water Finance Authority ("Finance Authority"), which is created and existing under and by virtue of the New York City Municipal Water Finance Authority Act (the "Act"), as amended, codified at Title 2-A of Article 5 of the New York State Public Authorities Law. I have served in that position since March 2007. Prior to holding my current position, I was the Executive Director of the Finance Authority from June 2002 until March 2007, and before that, served as the Treasurer of the Finance Authority from October 1990 until June 2002. As such, I am fully familiar with the business of the Finance Authority and the facts set forth herein.

2. I understand that the City of New York ("City") has filed the above-captioned action seeking to recover for damage to the City's groundwater supply system, which was caused by defendants' use of MTBE as a gasoline additive. In addition, I understand that defendant ExxonMobil Corp. claims that the Finance Authority approves individual Water

Projects (as defined in the Act), that the Finance Authority and/or the New York City Water Board ("Water Board") enters into contracts for the completion of Water Projects, and that the Finance Authority has an interest in the subject matter of this litigation.

3. I submit this declaration to show that the Finance Authority does not approve individual Water Projects, that the Finance Authority does not enter into contracts for the design or construction of Water Projects, and that the Finance Authority does not have an interest in this litigation.

4. The relationship between the Finance Authority, the Water Board and the City, is governed by the Act, the Financing Agreement among the Authority, Board and the City, dated as of July 1, 1985, as subsequently amended, and the Agreement of Lease between the Water Board and the City, dated as of July 1, 1985, as subsequently amended (the "Lease"). The Financing Agreement and Lease are attached to the Declaration of Albert F. Moncure, Jr., as Exhibits A and B respectively.

5. Pursuant to Section 2.1 of the Financing Agreement, the Finance Authority provides the financing for the construction costs of Water Projects that are approved through the City's budget process. Water Projects are defined under PAL § 1045-b(20) and Section 1.1 of the Financing Agreement as any sewerage facility, water facility or water and sewerage facility, as the case may be, including the planning, development, financing or construction thereof.

6. Under Section 2.1 of the Financing Agreement, "The Authority agrees to use its best efforts to finance all or a part of the Cost of the Water Projects described in Appendix A by the issuance of Bonds from time to time... ." Appendix A is comprised of the Water Projects contained in the City budget.

7. Although Section 2.1 further provides that the Finance Authority and Board approve amendments to the list of projects, that approval merely is intended to show the Finance Authority's recognition that the new or amended Water Projects on the list must also be financed. The Finance Authority does not evaluate individual Water Projects. Instead, the Finance Authority merely finances the Water Projects that have been identified by the City.

8. The Authority carries out its duties by issuing bonds, the proceeds of which are held in a Construction Fund, pursuant to Section 3.1 of the Financing Agreement. Payments for Water Projects are made from the Construction Fund when the City Chief Accountant presents a certificate to the Authority showing, pursuant to Section 3.2 of the Financing Agreement, that payment is due for the costs of a Water Project. Section 3.2 of the Financing Agreement provides, "Upon receipt of such certificate the Authority shall pay ... to the person entitled thereto amounts sufficient to pay all such certified costs..." The Authority has no discretion as to whether payment is made, and cannot direct which Water Projects receive funding.

9. To the extent that the costs of a Water Project are paid through another source, such as defendants in this litigation, the Chief Accountant of the City would be unable to present the necessary certification for disbursement of funds, and the Finance Authority could not provide funds to pay such costs.

10. Moreover, the Authority does not have any role in the planning, design, or construction of Water Projects, and does not contract for the construction of Water Projects. Instead, it is the City that is responsible for planning, designing, contracting and constructing Water Projects. See Lease §§ 5.1 and 5.2 and New York City Charter § 1403(a)(1). The Finance Authority merely acts as the financing arm.

11. To the best of my knowledge, the Finance Authority has never been a plaintiff in an action to recover costs incurred in connection with operating the City's water system.

12. The Finance Authority has no material interest in the instant litigation, as it does not approve individual Water Projects and has no role in the planning, design or construction of such projects.

Dated: June 30, 2009  
New York, New York

A handwritten signature in cursive script, reading "Alan L. Anders". The signature is written in dark ink and is positioned above a horizontal line.

Alan Anders